

## **FISCAL NOTE**

### **SB 145 – HB 214**

March 9, 2007

**SUMMARY OF BILL:** Requires the use of light emitting diodes (LED) lighting when installing new traffic signals and when traffic signals that use non-LED lighting are replaced. Requires the Tennessee Department of Transportation (TDOT) to issue local implementation grants for five fiscal years, beginning in FY07-08 and ending in FY11-12, to the extent funding is available as contained within the general appropriations act, to local government agencies to facilitate the use of LED lighting, or similar lighting, in traffic signals. Any implementation grant shall provide funding for the cost difference between LED and non-LED lighting.

#### **ESTIMATED FISCAL IMPACT:**

##### **Increase State Expenditures –**

**\$46,000 per year for 5 years / Highway Fund**

##### **Increase Local Govt. Revenues –**

**\$46,000 per year for 5 years / Permissive**

##### **Increase Local Govt. Expenditures –**

**\$46,000 per year for 5 years / Permissive**

##### **Assumptions:**

- According to TDOT, traffic signals along state highways have either been replaced, or are in the process of being replaced, with the required LED lighting. Therefore, the provisions of this bill will be met under current law as it applies to state highways.
- According to the Comptroller of the Treasury, 95 counties and 200 cities are estimated to have approximately 5,750 signal heads with non-LED lighting.
- 20% (or 1,150) will be replaced with LED-lighting signal heads under current law and within the 5-year period proposed.
- 4,600 signal heads with non-LED lighting are estimated to remain throughout local jurisdictions during the 5-year period.

- According to TDOT, the cost difference between non-LED signal heads and LED signal heads is estimated to be \$200; \$300 for signal heads with turning arrows.
- 50% of signal heads are three-light signals; 50% have turning arrows.
- The average cost difference is estimated to be \$250 per signal head.
- Three-light LED signal heads cost approximately \$830 each; LED signal heads with turning arrows cost approximately \$1,375 each.
- Given local governments would have to fund the difference between the actual cost of any signal head and the amount of funding awarded from TDOT as an implementation grant (estimated to be \$630 per signal head; \$1,075 per signal head with turning arrows), 20% of the remaining 4,600 non-LED signal heads are assumed to be upgraded to new LED signal heads.
- The number of signal heads upgraded is estimated to be 920 (4,600 signal heads X 20% = 920)
- The total increase to state expenditures for implementation grants awarded to local jurisdictions is estimated to be \$230,000 over five years (920 signals X \$250 average difference = \$230,000).
- Given the 5-year period proposed, the total cost to the state has been amortized accordingly (approximately \$46,000 per year).

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director